

Exhibit A

DOJ 19-096 (D.O.J.), 2019 WL 1332930

Department of Justice (D.O.J.)

United States Attorney's Office

Southern District of New York

(NEWS RELEASE)

**U.S. ATTORNEY ANNOUNCES THE ARREST OF MICHAEL AVENATTI
FOR ENGAGING IN A SCHEME TO EXTORT A PUBLIC COMPANY**

March 25, 2019

**Avenatti Is Alleged To Have Used Threats of Economic and
Reputational Harm To Demand More Than \$20 Million In Payments**

Geoffrey S. Berman, the United States Attorney for the Southern District of New York, and William F. Sweeney Jr., Assistant Director-in-Charge of the New York Office of the Federal Bureau of Investigation (“FBI”), announced the arrest today of MICHAEL AVENATTI on federal extortion and interstate threat charges. As alleged, AVENATTI, an attorney, attempted to extract more than \$20 million in payments from a publicly traded company by threatening to use his ability to garner publicity to inflict substantial financial and reputational harm on the company if his demands were not met. AVENATTI was simultaneously arrested on separate charges brought by the U.S. Attorney's Office for the Central District of California. AVENATTI will be presented today in Manhattan federal court before U.S. Magistrate Judge Katharine H. Parker.

Manhattan U.S. Attorney Geoffrey S. Berman said: “As alleged, Avenatti used illegal and extortionate threats for the purpose of obtaining millions of dollars in payments from a public company. Calling this anticipated payout a retainer or a settlement doesn't change what it was - a shakedown. When lawyers use their law licenses as weapons, as a guise to extort payments for themselves, they are no longer acting as attorneys. They are acting as criminals, and they will held responsible for their conduct.”

FBI Assistant Director in Charge William F. Sweeney Jr. said: “As alleged, Michael Avenatti approached Nike last week with a list of financial demands in exchange for covering up allegations of misconduct on behalf of the company. The lofty price tag included a \$1.5 million payoff for Avenatti's client and upwards of tens of millions of dollars for the legal services of his firm - services Nike never requested. This is nothing more than a straightforward case of extortion. In

the event anyone needs to be reminded, this type of behavior is illegal and it will not be tolerated - especially when committed by a lawyer who is supposed to use his license to practice law, not to willfully violate it.”

According to the allegations in the Complaint unsealed today: ¹

Background to the Extortion Scheme

In a scheme that unfolded in less than a week, AVENATTI and a co-conspirator not named as a defendant in the Complaint (“CC-1”) used threats of economic and reputational harm to extort NIKE, Inc. (“Nike”), a multinational corporation engaged in, among other things, the marketing and sale of athletic apparel, footwear, and equipment. Specifically, AVENATTI threatened to hold a press conference on the eve of Nike's quarterly earnings call and the start of the annual National Collegiate Athletic Association (“NCAA”) men's basketball tournament at which he would announce allegations of misconduct by employees of Nike. AVENATTI stated that he would refrain from holding the press conference and harming Nike only if Nike made a payment of \$1.5 million to a client of AVENATTI's in possession of information damaging to Nike (“Client-1”), and further agreed to “retain” AVENATTI and CC-1 to conduct an “internal investigation” - an investigation that Nike did not request - for which AVENATTI and CC-1 demanded to be paid, at a minimum, between \$15 and \$25 million. Alternatively, and in lieu of such a retainer agreement, AVENATTI and CC-1 demanded a total payment of \$22.5 million from Nike to resolve any claims Client-1 might have and additionally to buy AVENATTI's silence.

The March 19 Meeting With Avenatti

As alleged, AVENATTI first met with representatives of Nike last Tuesday, March 19, 2019, in New York, New York. At that meeting, AVENATTI claimed to represent a coach of an amateur youth travel basketball team sponsored by Nike, *i.e.*, Client-1. AVENATTI claimed the team coached by Client-1 had recently lost its sponsorship with Nike, one worth approximately \$72,000 a year, and that his client had information that Nike employees had been engaged in illicit payments to the families of high school student athletes. AVENATTI further stated that he planned to hold a press conference the next day announcing allegations of misconduct at Nike, and made clear that he had approached Nike now because he knew that the annual NCAA tournament - an event of significance to Nike and its brand - was about to begin, and further because he was aware that Nike's quarterly earnings call was scheduled for March 21, 2019, thus maximizing the potential financial and reputational damage his press conference could cause to Nike.

AVENATTI further stated that he would refrain from holding that press conference and damaging Nike if Nike agreed to two demands: (1) Nike must pay \$1.5 million to Client-1 as a settlement for any claims Client-1 might have regarding Nike's decision not to renew its contract with the

team coached by Client-1; and (2) Nike must hire AVENATTI and CC-1 to conduct an internal investigation of Nike, with a provision that if Nike hired another firm to conduct such an internal investigation, Nike would still be required to pay AVENATTI and CC-1 at least twice the fees of any other firm hired. AVENATTI made clear that Nike would have to agree to accept those demands on a very short time frame. Nike immediately contacted the United States Attorney's Office for the Southern District of New York, which launched an investigation in conjunction with the FBI.

The March 20 Call With Avenatti

In a follow-up call on March 20, 2019, recorded by law enforcement, AVENATTI reiterated both his threat, stating, in substance and in part, that unless Nike immediately agreed to his financial demands, he would hold his press conference and, as AVENATTI threatened: "I'll go and I'll go take ten billion dollars off your client's market cap. But I'm not fucking around." During the same call, AVENATTI made clear that his demands included not simply that he and CC-1 be paid for an "internal investigation," but that he be paid more than \$9 million. As AVENATTI stated during the call: "I'm not fucking around with this, and I'm not continuing to play games. . . . You guys know enough now to know you've got a serious problem. And it's worth more in exposure to me to just blow the lid on this thing. A few million dollars doesn't move the needle for me. I'm just being really frank with you. So if that's what, if that's what's being contemplated, then let's just say it was good to meet you, and we're done. And I'll proceed with my press conference tomorrow. . . . I'm not fucking around with this thing anymore. So if you guys think that you know, we're gonna negotiate a million five, and you're gonna hire us to do an internal investigation, but it's gonna be capped at 3 or 5 or 7 million dollars, like let's just be done."

The March 21 Meeting With Avenatti

On March 21, 2019, at the direction of law enforcement, representatives of Nike met again with AVENATTI and CC-1. During the meeting, AVENATTI reiterated his demand for a

\$1.5 million payment for his client and, with respect to his demand to be retained for an internal investigation, AVENATTI stated, in substance and in part, that he and CC-1 would require a \$12 million retainer to be paid immediately and to be "deemed earned when paid," with a minimum guarantee of \$15 million in billings and a maximum fee of \$25 million, "unless the scope changes." When informed by an outside attorney for Nike ("Attorney-1") that Attorney-1 has never received a \$12 million retainer from Nike and never done an investigation for Nike "that breaks \$10 million," AVENATTI responded, in substance and in part, by asking whether Attorney-1 has ever "held the balls of the client in your hand where you could take five to six billion dollars market cap off of them?"

When Attorney-1 asked, in substance and in part, whether Nike could resolve the demands just by paying Client-1, rather than retaining AVENATTI and CC-1, AVENATTI and CC-1 conferred privately. AVENATTI then stated: “If [Nike] wants to have one confidential settlement and we're done, they can buy that for twenty-two and half million dollars and we're done. . . . Full confidentiality, we ride off into the sunset. . . .” AVENATTI then laid out again his threat of harm to Nike, adding that “as soon as this becomes public, I am going to receive calls from all over the country from parents and coaches and friends and all kinds of people - this is always what happens - and they are all going to say I've got an email or a text message or - now, 90% of that is going to be bullshit because it's always bullshit 90% of the time, always, whether it's R. Kelly or Trump, the list goes on and on - but 10% of it is actually going to be true, and then what's going to happen is that this is going to snowball . . . and every time we got more information, that's going to be the Washington Post, the New York Times, ESPN, a press conference, and the company will die - not die, but they are going to incur cut after cut after cut after cut, and that's what's going to happen as soon as this thing becomes public.”

Shortly after the March 21, 2019, meeting ended, and consistent with the threats AVENATTI communicated, AVENATTI posted a message to Twitter writing, in reference to an article about a prior prosecution involving employees of a rival company: “Something tells me that we have not reached the end of this scandal. It is likely far far broader than imagined...”

* * *

AVENATTI, 48, of Los Angeles, California, is charged with one count of conspiracy to transmit interstate communications with intent to extort, which carries a maximum penalty of five years in prison, one count of conspiracy to commit extortion, which carries a maximum penalty of 20 years in prison, one count of transmission of interstate communications with intent to extort, which carries a maximum penalty of two years in prison, and one count of extortion, which carries a maximum penalty of 20 years in prison. The maximum potential sentences in this case are prescribed by Congress and are provided here for informational purposes only, as any sentencing of the defendant will be determined by the judge.

Mr. Berman praised the work of the FBI and the Special Agents of the United States Attorney's Office for the Southern District of New York, and noted that the investigation is ongoing.

The case is being handled by the Office's Public Corruption Unit. Assistant United States Attorneys Matthew Podolsky, Robert L. Boone, and Robert B. Sobelman are in charge of the prosecution.

¹ As the introductory phrase signifies, the entirety of the text of the Complaint and the description of the Complaint set forth below constitute only allegations, and every fact described should be treated as an allegation.

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